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16 UNITED STATES DISTRICT COURT

17 EASTERN DISTRICT OF CALIFORNIA

18 United States of America,
19 Plaintiff,

20 v.

21 CB SURETY, LLC, et al.,
22 Defendants.
23

Civil Case No. 2:23-cv-02812-TLN-DB
JOINT STATUS REPORT

1 Plaintiff United States of America, and Defendants Thomas Eide, Cascades Pointe at
 2 Clemson LLC, Aric Gastwirth, Reseller Consultants, Inc., Ambragold, Inc., Bryan Bass, and
 3 Bryan Bass Consultants¹ (together, the “Parties”), through counsel and pro se, submit this Joint
 4 Status Report.²

5 **I. NATURE OF THE CASE**

6 The United States brought this action for a temporary restraining order, preliminary
 7 and permanent injunctions, and other equitable relief pursuant to 18 U.S.C. § 1345 to enjoin the
 8 ongoing commission of criminal wire fraud and bank fraud and conspiracy to commit those
 9 offenses in violation of 18 U.S.C. §§ 1343, 1344, and 1349. The Complaint alleges that
 10 Defendants are engaged in an ongoing bank and wire fraud scheme, and conspiracy to commit
 11 those offenses, that targets financial institutions and consumers across the United States. The
 12 alleged scheme is two-fold. First, Defendants launder transactions for their merchant clients by
 13 creating sham companies to disguise the true nature of their merchant clients’ fraudulent, illegal,
 14 or high-risk activities. Second, Defendants use fraudulent chargeback reduction tactics to allow
 15 their merchant clients to maintain merchant accounts with member banks of card networks.

16 This Court entered the *ex parte* temporary restraining order on December 6, 2023. (ECF
 17 No. 7.) The Parties appeared at the preliminary injunction hearing on January 3, 2024, and this
 18 Court entered an order granting the United States’ motion for a preliminary injunction with asset
 19 freeze, receiver, and other equitable relief. (ECF Nos. 34 & 35.) Defendants Thomas Eide,
 20 Cascades Pointe at Clemson LLC, Aric Gastwirth, Reseller Consultants, Inc., and Ambragold,

21
 22 ¹ The United States understands that Defendant Bryan Bass Consultants is not represented by counsel; Bryan Bass is
 23 attempting to represent Bryan Bass Consultants pro se. Pursuant to Local Rule 183, “[a] corporation or other entity
 24 may appear only by an attorney.” An unrepresented corporate defendant is subject to entry of default and default
 25 judgment. *See, e.g., Thacker v. AT&T Corp.*, No. 2:3-cv-00255-KJM-CKD, 2020 WL 6261626, at *3 (E.D. Cal. Oct.
 26 23, 2020), adopted in full by *Thacker v. AT&T Corp.*, 2021 WL 871178 (E.D. Cal. Mar. 9, 2021). If Bryan Bass
 27 Consultants remains unrepresented by counsel, the United States will seek an entry of default and default judgment
 against it.

² The clerk of the court has entered a default against the remaining defendants, namely CB Surety LLC, Stephen
 Christopher, KP Testing, LLC, Motion Media Marketing, Inc., Peak Bakery LLC, SJC Financial Services, Inc.,
 Travis Smith, and Think Processing LLC (collectively, the “Defaulting Defendants”). (ECF No. 65.) As a result, the
 Defaulting Defendants are not parties to this joint status report.

Inc. have filed answers to the complaint. (ECF Nos. 61 & 66.) Defendants Bryan Bass and Bryan Bass Consultants have until April 25, 2024, to file a responsive pleading.

II. SERVICE OF PROCESS

All defendants have been served with the summons (ECF. No. 12), complaint (ECF No. 1), and the Court's Initial Pretrial Scheduling Order (ECF No. 13).

III. JOINDER OF ADDITIONAL PARTIES AND AMENDMENT OF PLEADINGS

The Parties do not currently anticipate joinder of additional parties or amendments to the pleadings in this action. The United States may seek to amend the complaint, including to name additional defendants, in the future should it identify additional individuals or entities involved in the scheme alleged in the complaint.

IV. JURISDICTION AND VENUE

This Court has jurisdiction over this action under 18 U.S.C. § 1345 and 28 U.S.C. §§ 1331 and 1345. The United States District Court for the Eastern District of California is a proper venue for this action under 28 U.S.C. §§ 1391(b) and 1391(c).

V. ANTICIPATED DISCOVERY AND THE SCHEDULING OF DISCOVERY

A. Rule 26(a)(1) Initial Disclosures

The service of initial disclosures shall occur on or before April 8, 2024, based on the agreement of the Parties that initial disclosures shall occur no later than 45 days after the Rule 26(f) conference, which took place on February 23, 2024. The Parties do not anticipate any changes to the timing, form, or requirement for such disclosures. Should any scheduling issues arise, the Parties will meet and confer and work cooperatively to present this Court with any proposed scheduling changes via a stipulation, if deemed necessary. If a stipulation is not feasible, either party can file a motion after meeting and conferring.

B. Subjects on Which Discovery May Be Needed

The Parties intend to conduct discovery on subjects including Defendants' role in setting up limited liability companies; recruitment of individuals to set up limited liability companies; recruitment of advertisers or merchant clients; use of sham company accounts to facilitate

1 transactions for other merchants; payments made to Defendants and their associates for, and
2 contracts relating to, services rendered in furtherance of the scheme; unauthorized charges issued
3 to consumers by merchant clients of the scheme; requests for refunds made by individuals issued
4 charges by merchant clients of the scheme; representations made by Defendants to banks,
5 payment processing services, and any financial organizations in relation to the scheme;
6 communications between Defendants and straw owners regarding the scheme; use of
7 microtransactions to lower chargeback rates on merchant clients' accounts; written policies,
8 procedures or advertising materials detailing Defendants' business practices; and Defendants'
9 accounting systems, to identify transactions within the alleged scheme.

10 **C. Changes or Limitations to Discovery**

11 The United States does not currently anticipate requesting any modifications to
12 discovery. The Parties agree to adopt the default discovery limitations imposed by Federal Rules
13 and Local Rules of this Court. In accordance with Federal Rule 26(f)(3)(C), the Parties do not
14 currently anticipate any issues with e-discovery in this case. The Parties agree to meet and confer
15 concerning any issues with respect to the disclosure of discovery of electronically stored
16 information. The Parties reserve the right to seek further modifications to discovery but will meet
17 and confer to attempt to resolve any issues and submit a stipulation before requesting the Court's
18 involvement.

19 The Parties anticipate the need for a protective order and will meet and confer before
20 submitting one to the Court for consideration. No further discovery limitations are necessary at
21 this time. Defendant Aric Gastwirth reserves the right to assert the Fifth Amendment to selected
22 discovery inquiries by the government.

23 **D. Rule 26(a)(2) Disclosure of Expert Testimony**

24 The Parties agree to the timing of the disclosure of expert witnesses set forth in the
25 proposed schedule below.
26
27

VI. FUTURE PROCEEDINGS, DISCOVERY, LAW AND MOTION, AND TRIAL

The Parties have met and conferred and propose the following schedule for future proceedings, discovery, law and motion, pretrial and trial in this case.

Event	Deadline
Rule 26 Initial Disclosures	April 8, 2024
Completion of Fact Discovery	December 13, 2024
Expert Disclosures and Reports	February 11, 2025
Rebuttal Expert Disclosures and Reports	March 24, 2025
Completion of Expert Discovery	March 28, 2025
Deadline for Filing Dispositive Motions	June 11, 2025
Joint Notice of Trial Readiness	No later than 30 days after receiving this Court's ruling on last dispositive motion, or if no dispositive motions, by April 14, 2025.

Pursuant to the Court's Initial Pretrial Scheduling Order (ECF No. 13), the Court will issue an order setting dates for the pretrial conference and trial dates after reviewing the parties' Joint Notice of Trial Readiness.

VII. APPROPRIATENESS OF SPECIAL PROCEDURES

The Parties do not anticipate any special procedures in this action at this time.

VIII. ESTIMATE OF TRIAL TIME

The Parties estimate that 14 days will be needed for trial.

IX. MODIFICATION OF STANDARD PRETRIAL PROCEDURES

The Parties do not anticipate the need to modify standard pretrial procedures in this action. Should any circumstances arise, the Parties will meet and confer and attempt to stipulate before requesting the Court's involvement.

X. NO RELATED CASES

There are no related filed actions.

XI. SETTLEMENT

Throughout this litigation, the Parties will consider whether the Court's involvement in a settlement conference would be useful. If so, a status report or joint stipulation will be filed. The Parties may also agree to the use of a private mediator.

XII. OTHER MATTERS THAT MAY ADD TO A JUST AND EXPEDITIOUS DISPOSITION

In accordance with 28 U.S.C. § 636(c), Federal Rule of Civil Procedure 73(a), and Local Rule 305, the Parties will consider consenting to magistrate jurisdiction in this action. No other issues are currently known or anticipated. The Parties agree to meet and confer, and specify these efforts, before the filing of any motion.

XIII. STATEMENT OF OWNERSHIP OF NONGOVERNMENTAL CORPORATE PARTIES

It is the United States' position that, pursuant to Federal Rule of Civil Procedure 7.1, all nongovernment corporations must file a statement identifying any parent corporation or any publicly held corporation owning more than 10% or more of its stock, or states that there is no such corporation. It is Defendants Reseller Consultants and Ambragold's position that they do not have to file corporate disclosures under Rule 7.1 because the Court has appointed a receiver to run and oversee receivership entities.

1 Dated: March 11, 2024

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8 /s/

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11 *Attorneys for Plaintiff United States of America*

12
13 Dated: March 11, 2024

14 /s/

15 MANNY MEDRANO

16 *Counsel for Defendants Aric Gastwirth,*
17 *Reseller Consultants, Inc., and Ambragold, Inc.*

18 Dated: March 11, 2024

19 /s/

20 DANIEL OLMOS

21 *Counsel for Defendants Thomas Eide and*
22 *Cascades Pointe at Clemson, LLC*

23 Dated: March 11, 2024

24 /s/

25 BRYAN BASS